IN THE UNITED STATES COURT OF APPEALS
FOR THE SEVENTH CIRCUIT

MIDWAY MFG. CO., BALLY MANUFACTURING CORPORATION, and EMPIRE DISTRIBUTING, INC., Petitioners, v. HON. JUDGE JOHN F. GRADY, UNITED STATES DISTRICT JUDGE	JOHN F. GRADY, JUDGE United States District Judge PETITION FOR WRIT OF MANDAMUS (74 C 1030, 74 C 2510, 75 C 3153 & 75 C 3933 N.D. Ill.)

PETITION FOR WRIT OF MANDAMUS TO STAY NON-JURY TRIAL IN NORTHERN DISTRICT OF ILLINOIS IN FAVOR OF JURY TRIAL IN RELATED ACTION IN SOUTHERN DISTRICT OF NEW YORK

Your petitioners, Midway Mfg. Co. (Midway), Bally Manufacturing Corporation (Bally) and Empire Distributing, Inc. (Empire), defendants in the above-identified consolidated actions, pray the issuance of a Writ of Mandamus to the Hon. John F. Grady, United States District Judge, directing him to:

(1) vacate his order of April 14, 1976, which denied the defendants' motion to stay the non-jury trial in the instant consolidated actions in favor of the scheduled jury trial in a related earlier filed New York action involving common parties and issues, and

(2) order that said Motion to Stay be granted.

This petition is made on the ground that said order of April 14, 1976, involves an abuse of discretion by the Honorable Respondent in failing to give due weight to the following factors which compel a decision granting defendants' motion to stay:

(1) The New York jury case must be tried ahead of this action to preserve the constitutional right of the petitioner Midway to a trial by jury on the issues which are common to both actions since a prior non-jury trial would preclude a later jury trial on those issues under the doctrines of res judicata or collateral estoppel.

(2) The New York action was the earliest filed action relating to the patents in suit here, was the first action set for trial, involves common parties to the instant action, and is presently scheduled for trial on 24-hour notice beginning July 1, 1976, as compared to June 1 for trial in the instant actions.

(3) Motions filed by plaintiffs to stay, dismiss or transfer the New York action have long ago been denied.

(4) A holding of invalidity of the patents in the New York action will be completely dispositive of these consolidated actions and will avoid the need for further patent trials here, thus reducing the costs to the parties and conserving judicial resources.

(5) Petitioner Midway is not "estopped from asserting that trial of the case before this Court [below] would deny its right to a jury trial in New York", as held by Respondent in his Memorandum Opinion of April 14, 1976.

Respondent is also clearly in error in his interpretation of the principles set forth in the case of Goldman, Sachs

v. Edelstein, 494 F.2d 76 (2nd Cir. 1974), relied upon by petitioners.

As a result of such abuse of discretion and clear errors, defendant Midway will be deprived of its constitutional right to a trial by jury provided by the Seventh Amendment to the U.S. Constitution.

STATEMENT OF FACTS

Petitioner, Midway, manufactures and sells coin-operated amusement devices throughout the United States, including so-called coin-operated video games which are commonly placed in arcades, taverns and restaurants. Petitioner Empire is a distributor, which purchases such video games from Midway and other manufacturers for resale generally to other companies who place the games in various field locations. Both Midway and Empire are wholly owned subsidiaries of petitioner Bally.

In 1973 and into 1974, plaintiff, The Magnavox Company (Magnavox), charged Midway and its customers with infringing four patents* owned by Sanders Associates and exclusively licensed to Magnavox. After some conferences and correspondence with Magnavox, Midway filed an action on April 12, 1974 in the U.S. District Court for the Southern District of New York (74 CIV 1657 CBM) against Magnavox and Sanders for a declaratory judgment of invalidity and non-infringement of all four patents (hereinafter referred to as the "New York case")[1].**

*Nos. 3,659,284; 3,659,285; 3,728,480; and 3,778,058.

**Superscript numbers used herein refer to the correspondingly numbered paper of the accompanying Record Appendix.

On April 15, 1974, three days after Midway filed the New York case, Magnavox filed a patent infringement action in the Northern District of Illinois (74 C 1030) against Bally and Empire and other unrelated parties, but did not include Midway (this and its later consolidated actions being hereinafter referred to as the "Chicago case")[2]. On May 22, 1974, about six weeks later, Magnavox filed its first amended complaint here adding Midway as a defendant and also adding Sanders as an additional plaintiff[3]. In the Chicago case, plaintiffs' complaint only charged defendants with infringement of two of the four patents that had been placed in suit in New York*.

Then, Magnavox and Sanders filed additional actions in Chicago against other defendants completely unrelated to petitioners, including firms who merely sell the accused products, such as Sears Roebuck & Co. and World Wide Distributors. Their second action was filed in August, 1974 (74 C 2510) and their third in September, 1975, (75 C 3933), the third action involving three of the four patents which were in suit in New York**. In July, 1975, a further case involving the original two patents was transferred to Chicago from the Northern District of California (75 C 3153).

Meanwhile, shortly after Midway brought its declaratory judgment action in New York (on April 12, 1974) and before Midway was added as a party here in Chicago, Magnavox

*Nos. 3,659,284 and 3,659,285.

**Adding No. 3,728,480.

and Sanders filed a motion (on April 22, 1974) in the New York case to stay, dismiss or transfer that action to the Chicago Court. The New York Court assigned the motion to a Magistrate for hearing and a report. After an extensive briefing schedule, an oral hearing before the Magistrate and various post-hearing memoranda, and on a voluminous record of exhibits and affidavits reflecting the status of the Chicago case and other facts, the Magistrate issued a 31-page report on July 28, 1975, recommending that the motion of Magnavox and Sanders to stay, dismiss or transfer be denied in all respects.[4]

Then, on September 10, 1975, the Magistrate filed a second report recommending denial in all respects of another motion of Magnavox and Sanders in New York to quash Midway interrogatories, indicating that the New York case was to proceed to trial without further delay.[5] That second report of the Magistrate was endorsed on September 25, 1975, by Judge Motley in New York who followed the Magistrate's recommendation denying that motion. Then, on November 7, 1975, Judge Motley also endorsed the earlier report of the Magistrate and ordered that the motion of Magnavox and Sanders to stay, dismiss or transfer the New York case be denied in all respects. A Memorandum Opinion and Order to that effect was thus issued by the New York Court, after considering further briefs on the question bringing the Court up-to-date on the proceedings in the Chicago case.[6]

Subsequently, after motions for reconsideration were denied and the New York Court ordered Magnavox and Sanders to answer or otherwise plead to the Complaint, an Answer and Counterclaim were then filed by Magnavox and Sanders on December 22, 1975[7], wherein they dropped their charge of infringement against Midway in respect to the two patents which were not in suit in Chicago*, but charged Midway with infringement of reissue versions of the other two patents on which they had sued Midway in Chicago**. Those reissue patents were added to the Chicago case by the Second Amended Complaint filed November 4, 1975[8]. The reissue patents were applied for and obtained by Sanders only after the commencement of the New York and Chicago cases, and the originals had been surrendered back to the Patent Office.

Additionally, in their Counterclaim filed December 22, 1975 in the New York case, Magnavox and Sanders included a demand for a jury trial. No jury demands were made by them or any other party in the Chicago case.

By an order of January 21, 1976[9], the New York Court set the case for trial on 24-hour notice as of June 1, 1976, discovery to be completed by April 1, 1976 and proposed pre-trial orders and memoranda to be filed by April 15, 1976. This schedule has recently been deferred by one month so that the New York case is presently scheduled for trial on 24-hour notice as of July 1, 1976.[10]

*Nos. 3,728,480 and 3,778,058.

**Reissue Nos. 28,507 and 28,598.

Also, on January 21, 1976, in response to the Counterclaim of Magnavox and Sanders in the New York case, Midway filed its Answer[11] which included a general denial that Magnavox and Sanders were entitled to any relief sought in the prayer of their Counterclaim, including any right to a trial by jury, their jury demand being included in their prayer. Nineteen days later, on February 9, 1976, Midway filed an additional paper expressly withdrawing any denial of Magnavox and Sanders' right to demand a trial by jury in that action.[12]

On that same day at a status call in the Chicago case, Respondent set the Chicago case for trial on June 1 by his order of February 9, 1976, this case not having been previously set for trial.[13]

On March 9, 1976 petitioners brought their motion below to stay the non-jury trial in the Chicago case in favor of the jury trial in the related New York case, which motion was fully briefed by the parties.[14] A request for a decision on this motion was filed on April 13, 1976,[15] and by his order of April 14, 1976, Judge Grady denied the Motion to Stay on the ground that ". . .Midway is now estopped from asserting that trial of the case before this Court would deny its right to jury trial in New York."[16] In open court on April 14, 1976, after hearing the denial of the Motion to Stay, Midway's counsel orally requested Judge Grady to certify this question

for appeal, but this too was denied.

Thus, to summerize the factual situation, in the New York case the validity of four Sanders' patents and the question of whether Midway's accused products infringe two of the patents are scheduled to be tried before a jury this summer (on 24-hour notice as of July 1).

In the Chicago case, the validity of three of the four Sanders patents are also scheduled to be tried this summer (on June 1) together with the same question of whether Midway's accused products infringe the same two patents as are before the New York Court, but in a non-jury trial here.

In addition, the issue of infringement by Midway and its accused products (which are to be tried in New York) have also been raised in the Chicago case by Magnavox and Sanders through their contentions as to the other two petitioners in that Bally, the parent corporation, is liable for the allegedly infringing acts of its subsidiary Midway; also, that Bally is liable for the alleged sales of Midway products; and further, that Bally is liable as a joint infringer with Midway. Additionally, Magnavox and Sanders contend that Bally's other subsidiary, Empire, is liable for the sales of Midway products.[8]; [17]

THE QUESTIONS PRESENTED

The questions here presented are:

1. Whether the Court's refusal to stay the trial in

this non-jury action in favor of a jury trial in the New York action, both trials being presently scheduled approximately a month apart, and wherein parties and issues are common to both actions, is clearly erroneous and an abuse of discretion because it will probably result in the loss of Midway's constitutional right to have these issues tried by the jury because of res judicata or collateral estoppel.

2. Whether, under the facts of this case, the Court could find any estoppel created by Midway which prevents it from asserting its constitutional right to a trial by jury.

3. Whether the Court has the discretionary power to deny Midway its right to a trial by jury by refusing to stay the non-jury trial of the common issues.

Although Magnavox and Sanders argued below in opposition to the Motion to Stay that Midway had waived its right to a jury trial in New York, Judge Grady properly disagreed that Midway's actions constituted a waiver (under Rule 38) "because it was not within Midway's power to waive jury trial once it had been demanded."[16] Nevertheless, Judge Grady denied the Motion to Stay based on a theory of "estoppel" which petitioners submit is clearly erroneous, without any support or authority, and without any facts which could possibly create any type of estoppel. Moreover, petitioners submit that it is also contrary to the principles set forth in Goldman, Sachs & Co. v. Edelstein, supra, in which the Second Circuit

Court of Appeals issued a writ of mandamus ordering the district court either to stay a bench trial pending completion of a jury trial on identical issues or to try both cases together.

REASONS FOR ISSUANCE OF WRIT

Preservation of the Constitutional Right to Trial by Jury.

The bench trial on June 1 in Chicago of the issues which are common to the New York action would preclude a trial by jury there on those issues under the doctrine of res judicata or collateral estoppel, and therefore the jury trial in New York must proceed first to preserve Midway's constitutional right to a trial by jury. Clear authority that the jury trial should proceed first in such circumstances is found in the opinion of the Second Circuit Court of Appeals on a petition for mandamus in Goldman, Sachs & Co., et al. v. Edelstein, 494 F.2d 76 (2nd Cir. 1974). As stated by that Court, at page 78,

> "For the district court to proceed with the non-jury trial of Franklin threatens destruction of Goldman, Sachs' important collateral right to a jury trial."

While in Goldman, Sachs there was only one common party to the two actions, and the other parties in each action were unrelated, in the present situation there are identical and related parties in both actions and therefore the principles of that case apply with even greater force. In particular, since Midway is the plaintiff in the New York action and also

a defendant in the Chicago action, a prior adjudication here would be res judicata in New York and would unquestionably deny Midway's right to a jury trial. In Goldman, Sachs there would merely have been a collateral estoppel, although with the same ultimate result.

In another case involving the same principles as applied to the order of trial, but considering legal versus equitable issues, the Supreme Court granted a petition for writ of mandamus in Beacon Theatres, Inc. v. Westover, U.S. District Judge, et al., 359 U.S. 500 (1959), at p. 510, saying:

> "If there should be cases where the availability of declaratory judgment or joinder in one suit of legal and equitable causes would not in all respects protect the plaintiff seeking equitable relief from irreparable harm while affording a jury trial in the legal cause, the trial court will necessarily have to use its discretion in deciding whether the legal or equitable cause should be tried first. Since the right to jury trial is a constitutional one, however, while no similar requirement protects trials by the court, that discretion is very narrowly limited and must, wherever possible, be exercised to preserve jury trial. As this court said in Scott v. Neely, 140 U.S. 106, 109-110: 'In the federal courts this [jury] right cannot be dispensed with, except by the assent of the parties entitled to it, nor can it be impaired by any blending with a claim, properly cognizable at law, of a demand for equitable relief in aid of the legal action or during its pendency.'" [underscoring added and footnotes omitted]

Here, plaintiffs' Second Amended Complaint[8] filed on November 4, 1975 against Midway in Chicago is essentially

identical to their Counterclaim[7] against Midway in New York and so there is no question present of any lack of protection of plaintiffs. There can thus be no question but that this District Court must exercise its discretion to preserve the jury trial in New York and stay this action.

In another case, the Ninth Circuit Court of Appeals in Mach-tronics, Inc. v. Zirpoli, 316 F.2nd 820 (9th Cir. 1963) recognized the principles set forth in the Beacon Theatres case regarding the importance of avoiding impairment of the right to a jury when setting the order of trial, where at p. 828 that Court stated:

> "Another federal public policy which stems from the provisions of the Seventh Amendment is exemplified by the Court's decision in Beacon Theatres v. Westover, 359 U.S. 500, 79 S.Ct. 948, 3 L.Ed. 2d 988. There the Court said (p. 504, 79 S.Ct. p. 953): 'It follows that if Beacon would have been entitled to a jury trial in a treble damage suit against Fox it cannot be deprived of that right merely because Fox took advantage of the availability of the declaratory relief to sue Beacon first.'"

In the Mach-tronics case the Ninth Circuit granted mandamus to require the district court to vacate an order staying proceedings in a later filed federal action which was to be a jury trial and which had been stayed by the district court pending the trial in a non-jury state court suit which had been brought earlier. Thus, these principles would even be more strongly applicable to the instant case where the

New York jury case was actually brought prior to the district court actions in Chicago and where motions by Magnavox and Sanders in New York to stay, dismiss or transfer have already been denied.

Additionally, in the circumstances of the present case a jury trial may be precluded in New York under the doctrine of collateral estoppel, even without considering the res judicata effect of a prior decision in Chicago. This follows because Magnavox and Sanders contend that defendant Bally is laible for the alleged acts of infringement by Midway, and thus an adjudication here as to Bally could preclude Midway's jury trial on the same issues present in New York on the basis of collateral estoppel. The same principle applies to Empire who is charged with patent infringement by selling Midway's video games. That is, plaintiffs contend that Bally and Midway are effectively the same party (see the District Court's opinion denying Bally's Motion for Summary Judgment)[17], that Bally is liable for sales of Midway games, and that Empire is also liable for sales of Midway games.[8]

It should be noted in this regard that it is not petitioners' contention that Bally and Empire have a right to a jury trial, but that Midway has a right to a jury trial in New York, and the prior trial here of Bally and Empire, even aside from the trial of Midway itself, may destroy that right.

Furthermore, if damages from the alleged Midway sales were ultimately assessed in Chicago against Bally and Empire, the later jury trial of Midway in New York on those issues would no doubt be pointless in any event, since only a single damage would be assessed against each Midway game and that may already have occurred in the prior non-jury action. Certainly, there can be no doubt that prior trial here may well deny the benefit and right of trial by jury to Midway in New York for any or all of the above reasons.

Every issue as to the validity of the patents here is also present in the New York action and every issue with respect to the alleged infringement by sale of Midway's games here, whether by Bally, Midway or Empire, is also present in the New York action. Hence, the jury trial in New York on these issues must proceed before trial here to preserve Midway's right to have these issues tried by jury.

No Estoppel Arose Which Could Preclude Assertion of the Right to a Jury Trial to Preserve That Right.

It is not disputed by the District Court that it makes no difference that it was Magnavox and Sanders that first made the jury trial demand in New York. As stated by the Court in Goldman, Sachs, supra, at p. 77:

> "[1] Regardless which party first demanded a jury trial in Welch, petitioners are clearly entitled as a matter of right

to a jury trial of the issues in that case. See Rule 38(d), F.R.Civ.P.; 5 Moore, Federal Practice ¶38.45; Yates v. Dann, 223 F.2d 64,66 (3d Cir. 1955) ("Such a demand was made by the plaintiff. It therefore 'operated as a demand by the defendant also unless withdrawn by his consent, which was not given. Bass v. Hoagland, 5 Cir., 1949, 172 F.2d 205, 209, certiorari denied 1949, 338 U.S. 816, 70 S.Ct. 57, 94 L.Ed. 494.")."

The jury demand filed by Magnavox and Sanders in the New York action was included in the prayer for relief of their Answer and Counterclaim[7] against Midway, and that demand for a jury trial still stands. It was then, of course, unnecessary for Midway to file any further jury demand. There is no question but that Midway was fully entitled to a jury trial in New York as if it had made the demand itself. Goldman, Sachs, supra, at p. 77.

Even though Midway's Answer[11] to the Counterclaim of Magnavox and Sanders in New York on January 21, 1976, included a general denial that Magnavox and Sanders were entitled to any relief sought by their Counterclaim, including any right to a trial by jury, that was really of no effect; and, in any event, Midway's paper filed on February 9, 1976,[12] expressly withdrew any denial of Magnavox and Sanders' right to demand a trial by jury in the New York action. That later paper certainly dispelled any inference that Midway was opposing a jury trial in that action.

More importantly, however, regardless of the characterization of the pleadings in New York, the fact remains that a jury demand was made and not withdrawn by either of the parties, let alone by all parties. As set forth in federal Rule 38(d),

> "A demand for trial by jury made as herein provided may not be withdrawn without the consent of the parties."

Although Judge Grady properly found that Midway's actions did not consitute a waiver under Rule 38 "because it was not within Midway's power to waive jury trial once it had been demanded", he did find ". . .that Midway is now estopped from asserting that trial of the case before this Court would deny its right to jury trial in New York."[16]

However, if Midway, indeed, has the right to a jury trial in New York, which is not disputed, how can it now be estopped from preserving that Seventh Amendment right by merely denying and later retracting that denial in the New York case? Neither of those acts had any affect on the fact that the New York case would be tried by a jury and that Midway could rely on that fact. Moreover, there is clearly no basis for any "estoppel" since there is no indication of any detrimental reliance on the part of Magnavox and Sanders with respect to any act of Midway. Indeed, it was Magnavox and Sanders, themselves, who filed the jury demand in the New York action. And it is now Magnavox and Sanders in the Chicago case who seek to have a prior non-jury trial on those same issues.

If there is any estoppel it should be against Magnavox and Sanders because Midway had the right to rely on their jury demand in New York and good reason to believe that the New York case would go to trial first. After all, the motion to stay, dismiss or transfer the New York case had long since been denied, the New York case was already scheduled for trial on 24-hour notice as of June 1, and no schedule had been set in the Chicago case.

So long as the demand had been made by Magnavox and Sanders in New York and had not been withdrawn, it was immaterial if Midway initially denied the right of Magnavox and Sanders to make the demand and shortly thereafter withdrew that denial. Once the demand for a jury was made by Magnavox and Sanders in the prayer portion of their counterclaim, it was not necessary for Midway later in its answer to that counterclaim or within ten days thereafter to make a further demand for a jury in order to preserve its right for a jury trial. There was no obligation on Midway to file a second demand, because that right had already been secured by Magnavox and Sanders as a result of their previous demand.

In not following the principles of the Goldman, Sachs case, Judge Grady has misconstrued both the facts and mandate of that case. With respect to the facts, Judge Grady states in his Memorandum Opinion that the defendant in both cases involved in Goldman, Sachs, the party seeking the writ, had made a

timely demand for jury trial. However a reading of the opinion of the Second Circuit Court of Appeals indicates that Goldman, Sachs, the party seeking the writ, although, indeed, the defendant in both cases, had not made any demand for a jury trial in any case. Rather, Goldman, Sachs relied (as Midway in the instant case) on the jury demand made by the other party, the plaintiff, in the first filed action.

Although Judge Grady draws as a distinction from that case that in Goldman, Sachs both cases were before the same judge, we cannot see how this fact can have any material bearing on the principles involved. That is, whether both cases are before the same judge or different judges in different districts, the principle requiring the findings of fact in the jury case before the non-jury case to avoid res judicata or collateral estoppel on those facts is the same. Otherwise, in either of the circumstances, there would be a denial of the right to have those facts tried by the jury, and the same evil of denying a constitutional right to the parties would occur. In fact, it applies with even more force in the instant case than in Goldman, Sachs because here Magnavox, Sanders and Midway are all parties to both the jury and the non-jury actions, whereas in the Goldman, Sachs case only Goldman, Sachs was a common party.

We also submit that Judge Grady's reliance on the dissenting opinion in the Goldman, Sachs case does not at all

support his decision denying the petitioners motion to stay.

THERE ARE NO OTHER FACTORS WHICH COULD PRECLUDE STAYING THE CHICAGO NON-JURY TRIAL IN FAVOR OF THE JURY TRIAL IN NEW YORK

Trial by jury in the New York action ahead of the trial here is the natural and preferred order of trial, and no factors are present which should or could preclude that order of trial. The New York action was filed ahead of the earliest of the actions here, and while the chronological filing dates of the two cases alone may not be controlling, in the present circumstances the New York action was not only the first filed, but the first to set dates for pretrial orders and memoranda and the first to set a trial date, namely, June 1, 1976, which has just recently been deferred for one month until July 1, 1976. Moreover, the motions of Magnavox and Sanders in New York to stay, dismiss or transfer that action to Chicago were denied last year. Thus, petitioner Midway who originally brought the New York action and who six weeks later was joined as an additional defendant in the Chicago case is now faced with trial at approximately the same time in both Chicago and New York with the same parties, Magnavox and Sanders, and on the same issues involving the same proofs.

Even assuming that the jury trial in New York would not take place until the latter part of this summer, e.g., in July or August, whereas Judge Grady has set the non-jury trial

here for June 1, this additional month or so certainly cannot be considered an undue delay and certainly there can be no real prejudice to plaintiffs. This is especially so when weighed against the loss of Midway's constitutional right to trial by jury on these issues in New York. Also, the two reissue patents, which are the only ones now being asserted by Magnavox and Sanders, had not even issued until August and October, respectively, of 1975[8]. So the Chicago action certainly cannot be considered an "old case".

Further, it is quite likely that in the present circumstances the trial of the four consolidated actions in Chicago, with the many accused infringers, each having numerous and different products, will take at least four weeks to complete, and so the trial in New York may actually begin even before Judge Grady renders his decision in Chicago. Therefore, the validity of all three of the patents involved in the Chicago case could be tried twice and both trials may well be completed prior to a decision from either court. Not only would this be a waste of judicial resources and an unnecessary expense to the parties, but Judge Grady may later decide after the Chicago actions are tried that he should wait until he has the jury verdict from the New York case before issuing his decision. If that occurs, the trial in the Chicago case will have been nothing more than a "dry run" for the parties and a tremendous waste of judicial time and effort.

Moreover, since the trial of the present four consolidated actions in Chicago involve many different parties as accused infringers and many different kinds of video games made and/or sold by each of those parties, while Midway is the only accused infringer in the New York action, the New York trial will obviously be shorter and less complex.

As an additional point, it is noted that since the validity of every patent in issue in Chicago will be tried in New York, a holding of invalidity of the patents in New York will mean that no further patent trials will be necessary in Chicago or anywhere else. Blonder Tongue Laboratories, Inc. v. University of Illinois Foundation, 402 U.S. 313 (1971); Technograph Printed Circuits, Ltd. v. Methode Electronics, Inc., 484 F.2d 905 (7th Cir. 1973).

If the Chicago case is tried first, there will still be a need for trial in New York since there are four related patents in the New York case and only three of those in Chicago. In particular, the validity of Sanders' Patent No. 3,778,058 is in issue in New York but not in Chicago, and so the New York action would be tried in any event even though the proofs on invalidity of this patent would be substantially the same as offered in Chicago with respect to the other patents. Although Magnavox and Sanders have now withdrawn their charge of infringement against Midway as to this patent, this certainly does not render the issue of the validity of that patent

moot in the New York case. Thus, Magistrate Hartenstine in New York, on p. 8 of his report[5] denying Magnavox and Sanders' motion to quash Midway's interrogatories, said,

> "Nevertheless, at this juncture, defendants' answers to Midway's second set of interrogatories, disclaiming charges of infringement or contributory infringement, do not serve effectively as a matter of law to divest this court of jurisdiction to issue a declaratory judgment with respect to any of the four patents here in suit."

For all of the above reasons your petitioners respectfully request that the Respondent be ordered to answer this petition, and to show cause why writ of mandamus in the terms prayed should not issue.

In connection therewith, petitioners respectfully request a stay of proceedings below until this petition has been disposed of.

Respectfully,,

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CERTIFICATE OF SERVICE

This is to certify that copies of the foregoing PETITION FOR WRIT OF MANDAMUS TO STAY NON-JURY TRIAL IN NORTHERN DISTRICT OF ILLINOIS IN FAVOR OF JURY TRIAL IN RELATED ACTION IN SOUTHERN DISTRICT OF NEW YORK and accompanying RECORD APPENDIX were served on:

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by delivery, this 23rd day of April, 1976

One of the Attorneys for Petitioners

DOCKETED

UNITED STATES DISTRICT COURT, NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

5

Name of Presiding Judge, Honorable JOHN F. GRADY

e No. s 74 C 1030; 74 C 2510; 75 C 3153
75 C 3933

Date 4-14-76

of Cause THE MAGNAVOX COMPANY, ET AL. V. BALLY MANUFACTURING CORPORATION

f Statement lotion REQUEST BY DEFENDANTS BALLY, MIDWAY AND EMPIRE FOR A DECISION ON THEIR MOTION TO STAY NON-JURY TRIAL

The rules of this court require counsel to furnish the names of all parties entitled to notice of the entry of an order and the names and addresses of their attorneys. Please do this immediately below (separate lists may be appended).

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resenting Defendants

nes and resses of r counsel tied to ce and names parties they esent. Theodore W. Anderson, 77 West Washington, Chicago
Plaintiffs

Reserve space below for notations by minute clerk

15 1976

Defts Bally, Midway and Empire motion to stay non-jury trial is denied. A formal memorandum opinion is set to follow this minute order shortly.

Judge

nd this memorandum to the Clerk.
nsel will not rise to address the Court until motion has been called.

FH

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

THE MAGNAVOX COMPANY, a Corporation, and SANDERS ASSOCIATES, INC., a Corporation,	)	
Plaintiffs,	)	NO. 74 C 1030
v.	)	74 C 2510
BALLY MANUFACTURING CORPORATION, a Corporation, et al.,	)	75 C 3153
Defendants.	)	75 C 3933

MEMORANDUM OPINION

Before the Court is the motion of defendants Midway Mfg. Co., Bally Manufacturing Co. and Empire Distributing, Inc. to stay the trial of the instant action pending the outcome of a jury trial in the Southern District of New York in Midway Mfg. Co. v. The Magnavox Co. and Sanders Associates, Inc., No. 74 Civ. 1657 CBM. Defendants argue that a decision in this case would operate as collateral estoppel in the New York case. Since the trial in this case will be a bench trial, they argue that Midway, the only defendant here which is also a party in the New York case, will be deprived of its right to a jury trial in New York. We disagree and deny the motion.

Our decision is based on the actions of Midway in this case. First, we note that, although the complaints in both this and the New York case were filed in April 1974, the first jury demand was made by the instant plaintiffs in December 1975 as part of an answer and counterclaim in the New York case. In response to that pleading, Midway on January 21, 1976, included the following statement:

> WHEREFORE, Plaintiff denies that Defendants are entitled to any relief sought in the prayer of their Counterclaim, including any right to a trial by jury . . ..

Nineteen days later, on the day this Court set the instant case for trial, Midway attempted to amend its Answer by withdrawing its denial of the right to a jury trial.

Plaintiffs here argue that, under Fed. R. Civ. P. 38, Midway waived its right to a jury trial in New York. That rule provides in part:

> (b) Demand. Any party may demand a trial by jury of any issue triable of right by a jury by serving upon the other parties a demand therefor in writing at any time after the commencement of the action and not later than 10 days after the service of the last pleading directed to such issue. Such demand may be endorsed upon a pleading of the party.
>
> * * * * *
>
> (d) Waiver. The failure of a party to serve a demand as required by this rule and to file it as required by

> Rule 5(d) constitutes a waiver by him of trial by jury. A demand for trial by jury made as herein provided may not be withdrawn without the consent of the parties.

We disagree that Midway's actions constitute a waiver under Rule 38 because it was not within Midway's power to waive jury trial once it had been demanded. Nevertheless, we think that Midway is now estopped from asserting that trial of the case before this Court would deny its right to jury trial in New York. Midway's actions throughout the twin courses of this litigation indicate complete indifference to its right to jury trial until nineteen days after its last pleading was filed in New York. We do not know the true reason for its wanting the trial here stayed -- but surely if it were to preserve its right to jury trial, Midway would not have waited so long to inform the other litigants, this Court and the District Court in the Southern District of New York.

Midway relies solely on Goldman, Sachs & Co. v. Edelstein, 494 F.2d 76 (2d Cir. 1974), in which the Second Circuit issued a writ of mandamus ordering the District Court either to stay a bench trial pending completion of a jury trial on identical issues or to try both cases together.

That case is inapposite for several reasons. First, the defendant in both cases, the party seeking the writ, had made a timely demand for jury trial. Moreover, both cases were before the same judge, and it had been assumed by all parties and the judge that the jury trial would proceed first. Only after the judge announced that he would instead proceed with the bench trial first did the defendant seek the mandamus remedy.

Indeed our decision finds support in the following statement by Judge Oakes, who dissented in Goldman, Sachs:

> Moreover, here there are 15 cases involving the same party defendant in this jurisdiction alone and others apparently pending outside the jurisdiction; the order of the majority can in no event affect those other cases pending in other circuits.

494 F.2d at 79. The majority did not refute this statement. Thus, in the present case, involving lawsuits in different circuits, Goldman, Sachs does not apply.

The motion to stay the trial in this case is denied.

DATED: April 14, 1976

ENTER:

United States District Judge